Three Spanish Banks Upgraded, The Rest Affirmed On Stronger Industry Dynamics

March 27, 2025

Overview

- Spanish banks' profitability maintained its upward trend in 2024, with the aggregate domestic return on equity (ROE) reaching a new peak of 12.6% by our estimates.
- Active hedging and the return of lending growth will help Spanish banks accommodate the impact of still declining interest rates. This, coupled with banks' cost control and low funding costs, should result in banks maintaining solid returns in the coming years.
- The Spanish economy's growth momentum, falling financing costs, and adequate private-sector indebtedness after massive deleveraging over the past 15 years should help keep asset quality in check.
- We improved our assessment of Spain's Banking Industry Country Risk Assessment (BICRA) to group 3 from group 4 to reflect lower industry risks.
- We raised our issuer credit ratings (ICRs) on Banco de Sabadell S.A., Abanca Corporación Bancaria S.A., and Ibercaja Banco S.A. The outlooks on these banks are stable. We also raised our issue ratings on CaixaBank S.A.'s hybrid instruments.
- We affirmed the ratings on the remaining Spanish banks that we rate. The outlooks on these banks are stable. However, we see rating upside potential for Banco Bilbao Vizcaya Argentaria S.A.'s hybrid instruments.

MADRID (S&P Global Ratings) March 27, 2025--S&P Global Ratings today took the following rating actions on Spanish banks:

- Banco de Sabadell S.A.: We raised our long-term issuer credit rating (ICR) to 'A-' from 'BBB+' and our long- and short-term resolution counterparty ratings (RCRs) to 'A/A-1' from 'A-/A-2'. We also raised our issue ratings on Sabadell's senior unsecured debt to 'A-' from 'BBB+', senior subordinated debt to 'BBB' from 'BBB-', subordinated debt to 'BBB-' from 'BB+', and additional tier 1 (AT1) instruments to 'BB' from 'BB-'. We affirmed the short-term rating at 'A-2'. The outlook is stable.
- Abanca Corporacion Bancaria S.A.: We raised our long- and short-term ICRs to 'BBB/A-2' from 'BBB-/A-3' and our long-term RCRs to 'BBB'+ from 'BBB'. We affirmed the short-term RCR at 'A-2'. The outlook is stable.
- Ibercaja Banco S.A.: We raised our long- and short-term ICRs to 'BBB/A-2' from 'BBB-/A-3' and our long-term RCR to 'BBB+' from 'BBB'. We also raised our issue ratings on Ibercaja's senior

PRIMARY CREDIT ANALYST

Elena Iparraguirre
Madrid
+ 34 91 389 6963
elena.iparraguirre
@spglobal.com

SECONDARY CONTACTS

Lucia Gonzalez
Madrid
+ 34 91 788 7219
lucia.gonzalez
@spglobal.com

Marta Heras
Madrid
+ 34 91 389 6967
marta.heras
@spglobal.com

Marta Escutia
Madrid
+ 34 91 788 7225
marta.escutia
@spglobal.com

Regina Argenio
Milan
+ 39 0272111208
regina.argenio
@spglobal.com

Luigi Motti
Madrid
+ 34 91 788 7234
luigi.motti
@spglobal.com

unsecured debt to 'BBB' from 'BBB-', subordinated debt to 'BB+' from 'BB', and AT1 instruments to 'BB-' from 'B+'. We affirmed the short-term RCR at 'A-2'. The outlook is stable.

- CaixaBank S.A.: We affirmed our 'A/A-1' long- and short-term ICRs and our 'A+/A-1' RCRs. We raised our issue ratings on the senior subordinated debt to 'BBB+' from 'BBB', the subordinated debt to 'BBB' from 'BBB-', and the AT1 instruments to 'BB+' from 'BB'. The outlook is stable.
- Banco Santander S.A.: We affirmed our 'A+/A-1' long- and short-term ICRs and our 'AA-/A-1+' RCRs. The outlook is stable.
- Santander Consumer Finance S.A.: We affirmed our 'A/A-1' long- and short-term ICRs and our 'A+/A-1' RCRs. The outlook is stable.
- Banco Bilbao Vizcaya Argentaria S.A.: We affirmed our 'A/A-1' long- and short-term ICRs and our 'A+/A-1' RCRs. The outlook is stable.
- Bankinter S.A.: We affirmed our 'A-/A-2' long- and short-term ICRs and our 'A/A-1' RCRs. The outlook is stable.
- Cecabank S.A.: We affirmed our 'BBB+/A-2' long- and short-term ICRs and our 'A-/A-2' RCRs. The outlook is stable.
- Caja Laboral Popular Cooperativa de Credito: We affirmed our 'BBB/A-2' long- and short-term ICRs and our 'BBB+/A-2' RCRs. The outlook is stable.
- Cajamar Caja Rural S.C.C. and Banco de Credito Social Cooperativo S.A.: We affirmed our 'BBB-/A-3' ICRs and our 'BBB/A-2' RCRs. The outlook is stable.

Rationale

Spanish banks' results broke another record in 2024, and we expect them to remain fairly sound in the years to come

Banks' domestic ROE, which, by our estimates, reached 12.6% in 2024, up from 10.9% in 2023, is at its highest level since 2007. Returns have probably peaked now and should decline somewhat, but we expect them to remain solid, with ROE ranging around 10.5%-11.5% over 2025-2026.

Declining interest rates will put some pressure on banks' net interest income in 2025, but we expect the impact to be contained. Banks have actively used hedges to minimize the sensitivity of their earnings to lower rates, lending is resuming, and deposits are gradually being priced down. All this will help to contain the decline in net interest income to around mid-single digits in 2025, before it stabilizes in 2026. Furthermore, fees could still rise, while both operating and credit costs should remain under control.

Solid efficiency will continue distinguishing Spanish banks. The meaningful, continuous downsizing of banks' operating structures (branches and staff) since the real estate bubble burst in the late 2000s, partly supported by consolidation, is paying off. In a positive interest rate environment that supports stronger revenues, banks have finally reaped the full benefits of their multiyear efforts to enhance efficiency.

The Spanish economy is seeing good growth momentum

While uncertainty has increased globally in the past few months, we still forecast favorable growth

prospects for the Spanish economy and anticipate that its external leverage will continue reducing. We expect real GDP growth to average about 2% over 2025-2028, way above the 1.3% eurozone average.

Supporting growth are services exports, including tourism; private consumption; and investments, as the execution of projects funded by Next Generation EU progresses. Spain has limited trade relationships with the U.S. and thus is less vulnerable to the direct impact of potential trade tariffs. However, it could suffer ripple effects if the eurozone, its main trade partner, gets affected.

Asset quality should remain under control thanks to this positive backdrop, together with declining financing costs and the private sector's adequate indebtedness after a long period of deleveraging. Private-sector indebtedness is now at 98.5% of GDP (calculated on a consolidated basis, and excluding financing that corporates receive from their foreign parents).

The new anchor for banks operating primarily in Spain is 'bbb+'

We have improved our assessment of industry risk in the Spanish banking sector. The resulting improvement in Spain's BICRA to group 3 leads to a better anchor, our starting point in assigning ratings to banks mainly operating in Spain. The anchor is now 'bbb+', similar to that in Ireland, Czech Republic, Korea, France, the U.K., and the U.S., for example.

Upgrades have been selective, benefiting Abanca, Ibercaja, and Sabadell, as well as the hybrid instruments of CaixaBank

Limited recurrent profitability or restructuring/merger considerations had constrained the ratings on all these banks. Their stronger financials now warrant a stronger assessment of their stand-alone creditworthiness.

In the case of CaixaBank, the upgrade only benefited its hybrid instruments and not its senior liabilities, as our 'A' long-term sovereign rating on Spain constrains the latter.

While we affirmed our ratings on BBVA, we see potential rating upside for its hybrid instruments. For the bank ratings we affirmed, we see the banks' improved profitability as buffering the ratings against risks.

Banco de Sabadell S.A.

Lucía González

The raising of our long-term rating on Sabadell reflects easing industry risks in the Spanish banking system and Sabadell's improved stand-alone credit profile (SACP), which we see commensurate with peers at the 'bbb+' level. The following factors support Sabadell's creditworthiness:

- Sabadell has a valuable commercial banking franchise in Spain, especially in the small and midsize enterprise segment.
- The bank is now delivering stronger profitability (ROE reached 12.7% in 2024 according to our calculations) and operating more efficiently.
- The cost-to-income ratio closed the year at 48.9%, according to our calculations, after Sabadell streamlined its Spanish business and turned around its U.K. operations.

- Sabadell has tighter underwriting standards and a stronger risk profile than in the past.
- Sabadell's buffer of subordinated bail-inable instruments provides protection for the senior unsecured debtholders in a resolution scenario.

Our current ratings on Sabadell do not incorporate the impact of the potential takeover by BBVA (see "Spain-Based BBVA Offer To Buy Sabadell Could Create A Stronger National Champion But Entails Execution Risks," published May 13, 2024), which is still awaiting the final regulatory approvals. If BBVA succeeds in acquiring Sabadell, we could consider raising the long-term ICR on Sabadell to reflect the potential benefits of it being part of a stronger financial group. The outcome would depend on our view of Sabadell's strategic importance to BBVA.

Outlook

The stable outlook reflects our expectation that over the next 18-24 months, Sabadell will preserve its improved profitability and efficiency, even if these deteriorate slightly due to lower interest rates. We also anticipate that Sabadell's asset quality will remain resilient, while its capitalization, as measured by our risk-adjusted capital (RAC) ratio, will decline slightly toward 8.0%-8.5% on the back of substantial shareholder distributions.

In addition, we assume that Sabadell will remain eligible to benefit from one notch of additional loss-absorbing capacity (ALAC) uplift. This is because we forecast that Sabadell will maintain a buffer of subordinated bail-inable instruments of slightly above 400 basis points of S&P Global Ratings' risk-weighted assets (RWAs) over the next 18-24 months, that is, above the 300 bp threshold we require.

Upside scenario

We may consider a positive rating action if Sabadell decides to operate with significantly higher levels of capital, that is, with a RAC ratio sustainably above 10%, while keeping asset quality under control. We could also consider a positive rating action if Sabadell were to hold a much higher buffer of subordinated bail-inable debt such that it could benefit from two notches of ALAC uplift.

As we mention above, all other things being equal, a potential acquisition by BBVA could also offer upside to the ratings on Sabadell if we were to consider Sabadell core to BBVA. In that case, we would equalize the ratings on the two entities.

Downside scenario

Although unlikely at this point, we could lower our long-term rating on Sabadell if its risk appetite heightens, its asset quality deteriorates significantly, or its operating performance lags that of higher-rated peers.

Banco de Sabadell S.A.--Ratings Score Snapshot

	To	From
Issuer Credit Rating	**A-/Stable/A-2**	**BBB+/Positive/A-2**
SACP	bbb+	bbb
Anchor	bbb+	bbb
Business position	Adequate (0)	Adequate (0)

Banco de Sabadell S.A.--Ratings Score Snapshot (cont.)

	To	From
Issuer Credit Rating	**A-/Stable/A-2**	**BBB+/Positive/A-2**
Capital and earnings	Adequate (0)	Adequate (0)
Risk position	Adequate (0)	Adequate (0)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	0	0
Support	+1	+1
ALAC support	+1	+1
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Abanca Corporación Bancaria S.A.

Marta Heras

The raising of our long- and short-term ratings on Abanca reflects easing industry risks in the Spanish banking system and Abanca's improved earnings capacity and strengthening capitalization. All of this positions Abanca's SACP comfortably at the 'bbb' level.

Abanca continues to enhance its returns and efficiency. In 2024, Abanca posted record recurrent ROE of 15.6% and a cost-to-income ratio of 49%. Abanca has also strengthened its capitalization, and we now expect its RAC ratio to stand sustainably above 10% over the coming 18-24 months. However, we consider that Abanca's higher capital base is appropriate for the risks it faces, given its strong organic and inorganic growth appetite, with it having completed seven acquisitions in the past eight years.

Outlook

The stable outlook on Abanca reflects our view that over the next 18-24 months the bank's operating profitability and efficiency will normalize as the interest rate environment becomes less favorable. However, both should remain sound, with the bank benefiting from synergies from its most recent acquisitions and above-average loan growth.

We forecast that Abanca's ROE will stand at around 11.0%-11.5% over 2026-2027, alongside solid capitalization, with the RAC ratio hovering at 11%-11.5% of S&P Global Ratings' RWAs. We anticipate that the deterioration in asset quality will be contained, with the cost of risk at a low 25 basis points (bps). We do not incorporate any acquisitions into our forecast.

Upside scenario

We could raise our ratings on Abanca if the bank sustains its strong capitalization and maintains tight control of risks while growing, so that Abanca's capitalization relative to the risks becomes a rating strength. Additionally, for the ratings to improve, we would have to consider Abanca's overall creditworthiness as being in alignment with that of higher-rated peers.

Downside scenario

Although not our base case, we could lower the ratings if Abanca engages in additional acquisitions that weaken its capitalization or pose managerial challenges. We could also lower the ratings if Abanca's performance substantially underperforms our expectations, increasing its profitability and efficiency gap with peers.

Abanca--Ratings Score Snapshot

	To	From
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
SACP	bbb	bbb-
Anchor	bbb+	bbb
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Strong (+1)	Adequate (0)
Risk position	Moderate (-1)	Adequate (0)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	0	0
Support	0	0
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Ibercaja Banco S.A.

Lucía González

The upgrade reflects easing industry risks in the Spanish banking system and Ibercaja's improved performance, which led to our revision of its SACP to 'bbb'. Ibercaja reported record-high profits in 2024, with its ROE reaching 11% and its cost-to-income ratio declining to 48%, aided by further fee-income generation from its asset-management, pension, and insurance business.

At the current level, our ratings on Ibercaja also reflect the bank's:

- Low-risk credit profile on the back of its seasoned mortgage-focused portfolio;
- Better asset-quality metrics than those of peers; and
- Adequate capitalization, with an RAC ratio estimated at 9.2% at the end of 2024.

However, Ibercaja's scale is more limited than that of higher-rated peers, and thus more concentrated by geography and business.

Outlook

The stable outlook reflects our expectation that over the next 18-24 months, Ibercaja will preserve sound asset-quality metrics and adequate profitability, even if the latter declines modestly due to lower interest rates. We forecast Ibercaja's ROE at slightly above 9% this year and next.

We also anticipate that Ibercaja's capitalization, as measured by our RAC ratio, will strengthen, edging closer to the upper end of the adequate 7%-10% range. Lower dividend distributions ahead will support further capital build-up. The payout recently reduced to 40% from 60% once the mandatory reserve fund of Ibercaja's main foundation-shareholder was fully built.

Upside scenario

We could raise our long-term rating on Ibercaja if its capital strengthens to the point that we consider it to represent a rating strength compared to the risks that the bank faces, and provided that Ibercaja's higher creditworthiness also aligns with the creditworthiness of higher-rated peers.

Downside scenario

We could lower the ratings on Ibercaja if its performance deviates substantially from our expectations, increasing its profitability and efficiency gap with peers.

Ibercaja Banco S.A.--Ratings Score Snapshot

	To	From
Issuer Credit Rating	**BBB/Stable/A-2**	**BBB-/Positive/A-3**
SACP	bbb	bbb-
Anchor	bbb+	bbb
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Adequate (0)	Adequate (0)
Risk position	Adequate (0)	Adequate (0)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	0	0
Support	0	0
ALAC support	0	0

Ibercaja Banco S.A.--Ratings Score Snapshot (cont.)

	To	From
Issuer Credit Rating	**BBB/Stable/A-2**	**BBB-/Positive/A-3**
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

CaixaBank S.A.

Marta Heras

We raised the ratings on CaixaBank's hybrid instruments because we revised its SACP upward to 'a-'. We affirmed the long- and short-term ICRs and the issue ratings on CaixaBank's senior liabilities as they are constrained by our 'A' long-term sovereign rating on Spain.

We believe that CaixaBank's performance has improved significantly thanks to a more favorable operating environment, but also to synergies from its successful integration of Bankia. CaixaBank's ROE reached 15.8% in 2024, up from 9.0% in 2022. This improvement, coupled with an easing of industry risks in the Spanish banking sector, supported the strengthening of CaixaBank's SACP.

In addition, our ratings on CaixaBank reflect the bank's position as the leading retail banking and insurance franchise in Spain, adequate capitalization, sound funding and liquidity profile, and its buffer of subordinated bail-inable debt, which will protect senior debtholders in a resolution scenario.

Unlike previously, our ratings on CaixaBank do not fully benefit from its high ALAC buffer as our 'A' long-term sovereign rating on Spain constrains the ratings. The ALAC buffer will amount to 730 bps-750 bps of S&P Global Ratings' RWAs over the next couple of years, thus sustainably exceeding the 600 bps threshold that we require for a two-notch uplift.

Outlook

The stable outlook on CaixaBank reflects the outlook on our long-term sovereign rating on Spain, the level at which we limit our ratings on CaixaBank. This is because of CaixaBank's large concentration in Spain, which means that we consider it unlikely that the bank would not default in a hypothetical scenario of the sovereign defaulting.

On a stand-alone basis, we expect CaixaBank to preserve its credit strengths over the next 18-24 months. We forecast that its ROE will decline somewhat as lower interest rates feed through to earnings, but it should hover around a solid 13% over 2026-2027. CaixaBank's capitalization should remain adequate despite high shareholder remuneration, with its RAC ratio standing at 8.5%-9.0%. Its asset quality should remain resilient.

Upside scenario

We could take a positive rating action on CaixaBank if we raised our sovereign ratings on Spain. In that case, CaixaBank could get full credit for its large buffer of subordinated bail-inable instruments, which would protect senior debtholders in a resolution scenario.

Downside scenario

Similarly, we could lower the ratings on CaixaBank if we were to downgrade Spain. Other than that, our current ratings on CaixaBank look quite stable because even if its stand-alone creditworthiness were to weaken, we could incorporate more ALAC uplift into the ratings and keep them at the current levels. In this scenario, though, the ratings on CaixaBank's hybrid instruments would be under pressure.

CaixaBank S.A.--Ratings Score Snapshot

	To	From
Issuer Credit Rating	**A/Stable/A-1**	**A/Stable/A-1**
SACP	a-	bbb+
Anchor	bbb+	bbb
Business position	Strong (+1)	Strong (+1)
Capital and earnings	Adequate (0)	Adequate (0)
Risk position	Adequate (0)	Adequate (0)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	0	0
Support	+2	+2
ALAC support	+2	+2
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	-1	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Banco Santander S.A.

Elena Iparraguirre

The affirmation of the ratings on Santander despite the improvement in our assessment of industry risk for the Spanish banking system reflects our view that the current ratings appropriately balance Santander's strengths with the higher-than-average economic risks of its geographical footprint.

Positive factors supporting the ratings are Santander's:

- Robust business model based on a geographically diverse franchise, with leading market positions in the countries in which it operates and a focus on stable retail banking;
- Track record of solid, resilient profits, and good efficiency;
- The benefits of diversification in its risk profile; and
- The large buffer of bail-inable instruments.

Conversely, the bank's presence in a number of riskier economies, mainly in Latin America, adds risks. Other peers with similar SACPs and ratings include HSBC, BNP Paribas, Credit Agricole S.A., and ING Groep.

Our ratings on Santander stand one notch above our long-term sovereign rating on Spain, signaling that we see an appreciable likelihood that Santander would not default on its senior obligations in the stress scenario that would likely accompany a hypothetical default of Spain.

Outlook

The stable outlook reflects our expectation that over the next 18-24 months, Santander will be able to preserve its credit strengths, including its large and diverse geographical footprint, strong earnings power, and sound risk-adjusted capitalization.

We expect Santander's operating performance to remain solid even as interest rates decline, as key strategic initiatives bear fruit and help contain costs, leading to ROE of around 12% in 2025-2027 according to our calculations.

Solid profits and contained RWA expansion should also lead to a moderate improvement in Santander's capitalization, despite the bank distributing half of the profits it generates to shareholders. We see the RAC ratio moving toward 9% by 2027.

Generally lower financing costs should ease the pressure on Santander's asset quality, allowing the cost of risk to decline moderately from 130 bps in 2023-2024 toward 120 bps over 2025-2027.

Upside scenario

We could take a positive rating action if economic risks in Santander's geographical footprint were to ease, provided that we also raised the sovereign ratings on Spain, or we considered that the bank would be more resilient in a hypothetical sovereign default scenario. The latter would allow a gap of two notches--the maximum under our methodology--above our sovereign credit rating on Spain.

Downside scenario

The ratings could come under pressure if we were to lower our long-term sovereign credit rating on Spain, because it is unlikely that we would rate Santander two notches above our long-term rating on Spain.

Other than that, the ratings are likely to remain stable, because even if Santander's stand-alone creditworthiness were to weaken, we could incorporate more credit uplift for the large buffer of subordinated bail-inable debt that the bank has accumulated.

We could consider revising the SACP downward if the relative weight of higher-risk economies were to increase significantly; if the bank's wide geographical and business diversification stopped providing tangible benefits to its risk profile; or if unexpected events, such as material acquisitions, undermined its capital position.

Banco Santander S.A.--Ratings Score Snapshot

	To	From
Issuer Credit Rating	**A+/Stable/A-1**	**A+/Stable/A-1**
SACP	a	a
Anchor	bbb+	bbb
Business position	Very Strong (+2)	Very Strong (+2)
Capital and earnings	Adequate (0)	Adequate (0)
Risk position	Strong (+1)	Strong (+1)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	-1	0
Support	+1	+1
ALAC support	+1	+1
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Santander Consumer Finance S.A.

Marta Escutia

The affirmation of the ratings on Santander Consumer Finance (SCF) reflects the affirmation of the ratings on SCF's parent, Santander, and SCF's highly strategic subsidiary status.

Our ratings on SCF stand one notch below those on its parent, benefitting from three notches of group support uplift from its SACP of 'bbb'. The latter reflects SCF's leading position as a consumer finance lender in Europe with wide geographic coverage, comfortable capitalization, and solid earnings generation capacity. SCF's high concentration in inherently higher-risk consumer lending, particularly in the auto sector, offsets these positives. The improvement in our assessment of Spain's industry risk was neutral to SCF's anchor, which was already 'bbb+'.

Outlook

The stable outlook on SCF mirrors that on its parent, Santander, as well as that on Spain, SCF's country of domicile. As long as we continue to assess SCF as highly strategic to Santander, and SCF remains within Santander's resolution perimeter, our long-term rating on SCF will remain one

notch below that on its parent and subject to a cap at the level of our sovereign rating on Spain.

We expect SCF's operating performance to gradually strengthen over the next 18-24 months, with its ROE reaching 10.5%-11.0% and its cost-to-income ratio improving to around 48% by 2026, despite the uncertain operating environment and the challenges that the auto sector faces. We forecast that SCF's RAC ratio will remain above 10.5%, supported by solid profitability prospects on the back of declining interest rates.

Upside scenario

An upgrade is unlikely because we include as much extraordinary support from the parent as possible, given SCF's group status and the current rating on Santander. However, we could consider raising the ratings on SCF if we raised both the ratings on Santander and the sovereign rating on Spain, or if we were to consider SCF a core entity of Santander.

Downside scenario

We could lower the ratings on SCF if we downgraded its parent or Spain; if we thought that the parent's commitment to SCF had weakened; or if SCF fell out of Santander's resolution perimeter.

Santander Consumer Finance S.A.--Ratings Score Snapshot

Issuer Credit Rating	A/Stable/A-1
SACP	bbb
Anchor	bbb+
Business position	Moderate (-1)
Capital and earnings	Strong (+1)
Risk position	Moderate (-1)
Funding	Adequate (0)
Liquidity	Adequate (0)
Comparable ratings analysis	0
Support	+3
ALAC support	0
GRE support	0
Group support	+3
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Banco Bilbao Vizcaya Argentaria S.A.

Regina Argenio

The affirmation of the ratings balances Banco Bilbao Vizcaya Argentaria's (BBVA's) strong

risk-adjusted profitability with the uncertain geopolitical environment in Mexico, where it originated about 50% of the group's net income in 2024, and Turkiye. BBVA's core earnings reached a high 1.3%-1.5% of S&P Global Ratings' measure of its RWAs in the past two years, thanks to a combination of outstanding profitability in Mexico and improving earnings generation in Spain, where it benefits from a better operating environment.

However, risks are growing in BBVA's largest foreign markets. There is uncertainty around the performance of the Mexican economy on the back of the U.S.'s potential imposition of trade tariffs and heightened political risks in Turkiye. Our ratings on BBVA continue to reflect the group's geographically diversified franchise; conservative credit risk culture; adequate capitalization; and its ALAC buffer, which we estimate at about 450 bps as of the end of 2024.

Our current ratings on BBVA do not incorporate the impact of the potential takeover of Sabadell (see "Spain-Based BBVA Offer To Buy Sabadell Could Create A Stronger National Champion But Entails Execution Risks," published May 13, 2024), which is still awaiting regulatory approvals. If the deal materializes, BBVA would gain scale in its home market, which would help it boost its efficiency and returns and rebalance its business and profits toward developed economies. At the same time, BBVA would face the challenge of delivering a smooth integration.

Outlook

The stable outlook reflects our belief that over the next 18-24 months, BBVA will remain resilient and continue to benefit from robust, albeit lower, profitability and the competitive advantage deriving from its strong digital capability. We forecast that the BBVA's ROE will remain above 15.0% over 2025-2027, compared with 19.7% in 2024.

Despite asset expansion and high distributions to shareholders, we expect BBVA's capitalization to strengthen further so that its RAC ratio reaches 8.5% by 2027, up from an estimated 8.0% at end-2024. Asset quality could deteriorate moderately, particularly among small companies and in unsecured consumer loans in riskier geographies. Finally, we do not expect the cushion of subordinated bail-inable instruments to change.

While we see our ICR and issue ratings on BBVA's senior debt as unlikely to change, we see potential upside for the issue ratings on the bank's senior nonpreferred and subordinated debt, reflecting the possibility of the bank benefiting from stronger stand-alone creditworthiness in the future. This could happen if, despite the challenges ahead, BBVA continues delivering robust risk-adjusted returns in line with those of its stronger peers and maintains solid capital and asset-quality ratios while growing the business.

Upside scenario

An upgrade would depend on both an upgrade of Spain and BBVA maintaining an outstanding performance as it navigates a likely more challenging environment in some of the geographies where it operates.

Downside scenario

The ratings could come under pressure if we lowered our sovereign rating on Spain, as we consider that BBVA is likely to default in the context of a hypothetical sovereign default due its high exposure to its home country.

BBVA--Ratings Score Snapshot

Issuer Credit Rating	A/Stable/A-1
SACP	a-
Anchor	bbb
Business position	Strong (+1)
Capital and earnings	Adequate (0)
Risk position	Strong (+1)
Funding	Adequate (0)
Liquidity	Adequate (0)
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Bankinter S.A.

Marta Heras

Our affirmation of the ratings on Bankinter indicates that despite the improvement in our assessment of industry risk for the Spanish banking system, we consider that our current ratings on Bankinter are well positioned compared to European and domestic peers such as Santander UK, Argenta Spaarbank N.V., Bank of Ireland, Allied Irish Banks, De Volksbank, and Banco Comercial Portugues.

The ratings reflect a good balance of the bank's credit strengths and weaknesses. Bankinter's solid profitability and stronger capitalization support the rating. We now expect that Bankinter's RAC ratio will stand sustainably above 10% over the coming 18-24 months. The rating also reflects that Bankinter's flexible and efficient operating structure has allowed it to adapt its business model to changes in the environment over the years. However, Bankinter's limited size and weaker market position in both Spain and Portugal compared with some of its peers and its strong growth appetite in recent years balance these positives.

Additionally, our ratings on Bankinter continue to benefit from one notch of ALAC uplift, as we expect its buffer of subordinated bail-inable debt to remain above the 350 bp threshold we require. The threshold is 50 bps higher than the standard to reflect the concentration of Bankinter's ALAC in a small number of instruments, which entails higher refinancing risk.

Outlook

The stable outlook indicates that over the next 18-24 months, we expect Bankinter to maintain solid profitability even though the interest rate environment will be less favorable. We forecast Bankinter's ROE at about 16.0%-16.5% over 2025-2026 and expect that the bank will preserve its sound capitalization, with the RAC ratio around 11%-11.5%.

Bankinter is set to continue to expand faster than the market, with its credit costs standing at around 35 bps-40 bps over the next two years, only marginally below those we forecast for the Spanish banking system as a whole.

The outlook also incorporates our view that Bankinter will maintain a buffer of bail-inable instruments comfortably above 350 bps of S&P Global Ratings' RWAs over the next 18-24 months. We forecast Bankinter's ALAC will be about 600 bps of RWAs by 2026.

Upside scenario

We could raise the rating in the medium term if Bankinter demonstrates substantial strength in terms of its franchise, management, and profitability to compensate for its limited scale and lower diversification, and if its stand-alone creditworthiness compares well with that of higher-rated peers.

Downside scenario

Although we consider a downgrade unlikely, we could consider lowering the ratings if Bankinter increases its risk profile, thereby eroding its capital strength.

Bankinter--Ratings Score Snapshot

	To	From
Issuer Credit Rating	A-/Stable/A-2	A-/Stable/A-2
SACP	bbb+	bbb+
Anchor	bbb+	bbb
Business position	Adequate (0)	Adequate (0)
Capital and earnings	Strong (+1)	Adequate (0)
Risk position	Adequate (0)	Strong (+1)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	-1	0
Support	+1	+1
ALAC support	+1	+1
GRE support	0	0
Group support	0	0
Sovereign support	0	0

Bankinter--Ratings Score Snapshot (cont.)

	To	From
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Cecabank S.A.

Marta Heras

The affirmation of our ratings on Cecabank despite the improvement in our assessment of industry risk for the Spanish banking system reflects our view that the current ratings appropriately balance Cecabank's strengths and weaknesses.

On the one hand, Cecabank benefits from very strong and high-quality capitalization; conservative management; and its key role as a service provider for Spanish financial institutions, which limits its credit risk.

Cecabank has succeeded in adapting its business model. It has built a strong depositary and custodian business and is emerging as a provider of digital services to small banks that do not have the scale and resources to cope with costly IT investments. Cecabank is also making good progress in expanding its services to insurance companies and new fintech players in Spain.

On the other hand, the ratings on Cecabank continue to factor in the concentration of its business on a limited number of customers, as well as its larger exposure to operational and market risks than its domestic peers. Cecabank also has a higher structural reliance on wholesale and short-term debt than its peers, which it balances with its strong liquidity cushion.

Outlook

The stable outlook reflects our base-case assumption that Cecabank will not undertake any acquisitions over the 18-24 month outlook horizon and will remain strongly capitalized, with a RAC ratio comfortably above 15% over the next 18-24 months.

We also expect that Cecabank's performance will remain resilient, and that it will further develop its franchise, focusing on its securities services business and adding new clients. That said, we anticipate that new clients are unlikely to substantially dilute Cecabank's business and revenue base concentration due to the high contribution from its largest clients.

Upside scenario

We consider an upgrade unlikely because of Cecabank's concentrated business model and rating level.

Downside scenario

We could lower the ratings on Cecabank if the bank engaged in additional material acquisitions that impaired its capital base such that its RAC ratio declined materially below 15%, or if it

increased its risk appetite.

Cecabank--Ratings Score Snapshot

	To	From
Issuer Credit Rating	BBB+/Stable/A-2	BBB+/Stable/A-2
SACP	bbb+	bbb+
Anchor	bbb+	bbb
Business position	Constrained (-2)	Moderate (-1)
Capital and earnings	Very Strong (+2)	Very Strong (+2)
Risk position	Adequate (0)	Adequate (0)
Funding	Moderate (0)	Moderate (0)
Liquidity	Strong (0)	Strong (0)
Comparable ratings analysis	0	0
Support	0	0
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Caja Laboral Popular Cooperativa de Credito

Marta Escutia

The affirmation of our ratings on Caja Laboral Popular Cooperativa de Credito (Caja Laboral) reflects our view that, despite the improvement in our assessment of industry risk for the Spanish banking system and the strengthening of its capital position, the ratings adequately balance:

- On the one hand, the bank's very strong capitalization, high-quality capital, sound funding profile, comfortable liquidity, and traditional business model; and
- On the other, Caja Laboral's limited scale, business concentration in the Basque Country and Navarre, and unlisted status, which limits its financial flexibility.

We see Caja Laboral's SACP of 'bbb' as being aligned with peers that also have limited scale and geographical diversification, such as AIB Group (UK) PLC, Oma Savings Bank PLC, and Banca Popolare dell'Alto Adige SpA.

Outlook

The stable outlook assumes no meaningful changes to Caja Laboral's business and financial profile over the next 18-24 months. We anticipate that the bank will preserve much of the solid profitability it achieved in recent years, helping it to maintain a strong capital position. Due to

declining interest rates, we forecast that Caja Laboral's ROE will weaken toward 8.5%-9.0% over the next 18-24 months from 11% in 2024. However, ROE will remain solid, particularly in the context of the bank's robust capital base. We also expect Caja Laboral's efficiency to remain sound, despite the projected cost-to-income ratio increasing to 54% from 45% in 2024.

Caja Laboral's RAC ratio should remain comfortably above 15%, supported by the bank's low dividend-payout policy (a maximum of 40% of net income), partly offset by its financing of further growth, particularly outside its home market. We anticipate that asset quality will remain resilient, with low new credit provisions at 15 bps-20 bps of average loans.

Upside scenario

An upgrade on Caja Laboral would require the bank to significantly scale up its business and improve its diversification, while maintaining a solid financial and capital position.

Downside scenario

Although we consider a downgrade to be unlikely, we could take this action if Caja Laboral's solvency deteriorated materially or its risk appetite increased.

Caja Laboral Popular Cooperativa de Credito--Ratings Score Snapshot

	To	From
Issuer Credit Rating	BBB/Stable/A-2	BBB/Stable/A-2
SACP	bbb	bbb
Anchor	bbb+	bbb
Business position	Constrained (-2)	Moderate (-1)
Capital and earnings	Very Strong (+2)	Strong (+1)
Risk position	Moderate (-1)	Adequate (0)
Funding	Adequate (0)	Adequate (0)
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	0	0
Support	0	0
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Banco de Crédito Social Cooperativo S.A. and Cajamar Caja Rural S.C.C.

Lucía González

The affirmation of the ratings on Banco de Crédito Social Cooperativo (BCC) and Cajamar Caja Rural (Cajamar), both core members of Grupo Cooperativo Cajamar (GCC), reflects our view that the current ratings on these entities appropriately capture the group's strengths and weaknesses versus those of peers, despite the industry risks for the Spanish banking system having eased.

GCC's strong ties with the local communities in which it operates provide it with a funding advantage. In addition, it now runs a stronger capital base, which warranted an upgrade a few months ago.

On the other hand, GCC's geographical concentration renders it more vulnerable to competition and risk concentration, and its profitability and efficiency still lag those of higher-rated peers, including Abanca and Ibercaja in Spain, Crelan in Belgium, mbank in Poland, and Virgin Money in the U.K. Conversely, compared with Italian Banca di Sondrio, GCC's 'bbb-' SACP looks well positioned.

Outlook

The stable outlook reflects our view that GCC will preserve its solid cooperative retail franchise and maintain a balanced risk profile over the next 18-24 months. We forecast that GCC's RAC ratio will remain sustainably above 10%, supported by more solid operating profitability. This will be the case because lower provisions than in the recent past, with credit losses above 50 bps this year and next, will offset earnings pressure as its asset base reprices to lower rates.

We forecast GCC's ROE at about 6%-7% this year and next. GCC's strong capital base will help it to adequately cover the risks inherent in its more concentrated lending book.

Upside scenario

We could raise our long- and short-term ratings on BCC and Cajamar if GCC is able to enhance its underlying profitability and efficiency, closing the gap with higher-rated peers, while keeping its asset quality under control.

Downside scenario

We could lower our ratings on BCC and Cajamar if, contrary to our expectations, GCC's asset quality deteriorates substantially, or if it proves unable to sustain its stronger capitalization.

Banco de Crédito Social Cooperativo S.A. and Cajamar Caja Rural S.C.C.--Ratings Score Snapshot

	To	From
Issuer Credit Rating	**BBB-/Stable/A-3**	**BBB-/Stable/A-3**
SACP	bbb-	bbb-
Anchor	bbb+	bbb
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Strong (+1)	Strong (+1)
Risk position	Moderate (-1)	Moderate (-1)
Funding	Adequate (0)	Adequate (0)

Banco de Crédito Social Cooperativo S.A. and Cajamar Caja Rural S.C.C.--Ratings Score Snapshot (cont.)

	To	From
Issuer Credit Rating	**BBB-/Stable/A-3**	**BBB-/Stable/A-3**
Liquidity	Adequate (0)	Adequate (0)
Comparable ratings analysis	-1	0
Support	0	0
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

BICRA Score Snapshot

	To	From
BICRA group	3	4
Economic risk	4	4
Economic resilience	Intermediate risk	Intermediate risk
Economic imbalances	Intermediate risk	Intermediate risk
Credit risk in the economy	Intermediate risk	Intermediate risk
Trend	Stable	Stable
Industry risk	3	4
Institutional framework	Intermediate risk	Intermediate risk
Competitive dynamics	Intermediate risk	High risk
Systemwide funding	Low risk	Low risk
Trend	Stable	Positive

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10,

2021

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Economic Outlook Eurozone Q2 2025: A World In Limbo, March 25, 2025
- Spain 'A/A-1' Ratings Affirmed; Outlook Stable, March 14, 2025
- Spanish Banking Outlook 2025: Another Solid Year In Prospect, Jan. 22, 2025
- Banco de Crédito Social Cooperativo And Cajamar Caja Rural Upgraded On Stronger Capitalization; Outlook Stable, Nov. 28, 2024
- CaixaBank S.A. Upgraded to 'A' From 'A-' On Stronger Subordinated Bail-inable Debt Buffer; Outlook Stable, Nov. 14, 2024
- Bulletin: Spanish Government and Insurance Consortium Will Take Most of Flood Cost Burden; Impact on Banks Will Be Contained, Nov. 7, 2024
- Bulletin: Spain-based BBVA Offer To Buy Sabadell Could Create A Stronger National Champion But Entails Execution Risks, May 13, 2024
- Outlooks on Six Spanish Banks Revised To Positive On Stronger Profitability, April 29, 2024
- Banking Industry Country Risk Assessment Update: May 2024, May 30, 2024
- Banco de Sabadell Upgraded To 'BBB+' On Successful Turnaround; Outlook Stable; 'A-2' Short Term Rating Affirmed, Feb. 9, 2024

Ratings List

************* Abanca Corporacion Bancaria S.A ************

Upgraded; Outlook Action		
	To	**From**
Abanca Corporacion Bancaria S.A		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
Upgraded; Ratings Affirmed		
	To	**From**
Abanca Corporacion Bancaria S.A		
Resolution Counterparty Rating	BBB+/--/A-2	BBB/--/A-2

********** Banco Bilbao Vizcaya Argentaria S.A. *********	
Ratings Affirmed	
Banco Bilbao Vizcaya Argentaria S.A.	
BBVA Global Markets B.V.	
Issuer Credit Rating	A/Stable/A-1
Banco Bilbao Vizcaya Argentaria S.A.	
Resolution Counterparty Rating	A+/--/A-1
Banco Bilbao Vizcaya Argentaria S.A.	
Senior Unsecured	A
Senior Subordinated	BBB+
Subordinated	BBB
BBVA Global Finance Ltd.	
Subordinated	BBB
BBVA Global Markets B.V.	
Senior Unsecured	A
Senior Unsecured	Ap
BBVA Global Securities B.V.	
Senior Unsecured	A
********** Banco Santander S.A. **********	
Ratings Affirmed	
Banco Santander S.A.	
Banco Santander S.A. (New York Branch)	
Issuer Credit Rating	A+/Stable/A-1
Banco Santander S.A.	
Resolution Counterparty Rating	AA-/--/A-1+
Santander Consumer Finance S.A.	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Banco Santander S.A.	
Senior Unsecured	A+
Senior Subordinated	A-
Subordinated	BBB+
Junior Subordinated	BBB-
Preference Stock	BBB-
Commercial Paper	A-1
Santander Consumer Finance S.A.	
Senior Unsecured	A
Senior Subordinated	BBB+

Subordinated	BBB	
Commercial Paper	A-1	
Banco Santander S.A. (New York Branch)		
Commercial Paper	A-1	
Santander Global Issuances B.V.		
Senior Unsecured	A+	
********** Banco de Credito Social Cooperativo S.A. *********		
Ratings Affirmed		
Cajamar Caja Rural S.C.C.		
Banco de Credito Social Cooperativo S.A.		
Issuer Credit Rating	BBB-/Stable/A-3	
Resolution Counterparty Rating	BBB/--/A-2	
Banco de Credito Social Cooperativo S.A.		
Senior Unsecured	BBB-	
Subordinated	BB	
********** Banco de Sabadell S.A. **********		
Upgraded		
	To	**From**
Banco de Sabadell S.A.		
Resolution Counterparty Rating	A/--/A-1	A-/--/A-2
Banco de Sabadell S.A.		
Senior Unsecured	A-	BBB+
Senior Subordinated	BBB	BBB-
Subordinated	BBB-	BB+
Junior Subordinated	BB	BB-
Upgraded; Outlook Action; Ratings Affirmed		
	To	**From**
Banco de Sabadell S.A.		
Issuer Credit Rating	A-/Stable/A-2	BBB+/Positive/A-2
********** Bankinter S.A. **********		
Ratings Affirmed		
Bankinter S.A.		
Issuer Credit Rating	A-/Stable/A-2	
Resolution Counterparty Rating	A/--/A-1	
Bankinter S.A.		
Senior Unsecured	A-	
Senior Subordinated	BBB	
Subordinated	BBB-	

Junior Subordinated	BB	
Commercial Paper	A-2	
Bankinter Sociedad de Financiacion S.A.		
Commercial Paper	A-2	
**************** CaixaBank, S.A. ****************		
Ratings Affirmed		
CaixaBank, S.A.		
Issuer Credit Rating	A/Stable/A-1	
Resolution Counterparty Rating	A+/--/A-1	
CaixaBank, S.A.		
Senior Unsecured	A	
Commercial Paper	A-1	
Upgraded		
	To	**From**
CaixaBank, S.A.		
Senior Subordinated	BBB+	BBB
Subordinated	BBB	BBB-
Junior Subordinated	BB+	BB
********** Caja Laboral Popular Cooperativa de Credito *********		
Ratings Affirmed		
Caja Laboral Popular Cooperativa de Credito		
Issuer Credit Rating	BBB/Stable/A-2	
Resolution Counterparty Rating	BBB+/--/A-2	
****************** (Ibercaja Banco S.A.) ******************		
Upgraded		
	To	**From**
Ibercaja Banco S.A.		
Senior Unsecured	BBB	BBB-
Subordinated	BB+	BB
Junior Subordinated	BB-	B+
Upgraded; Outlook Action		
	To	**From**
Ibercaja Banco S.A.		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
Upgraded; Ratings Affirmed		
	To	**From**
Ibercaja Banco S.A.		
Resolution Counterparty Rating	BBB+/--/A-2	BBB/--/A-2

***************** Cecabank S.A. *****************

Ratings Affirmed	
Cecabank S.A.	
Issuer Credit Rating	BBB+/Stable/A-2
Resolution Counterparty Rating	A-/--/A-2

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